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Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 DODE-00 PM-09 H-02 L-03 NSC-10

PA-03 PRS-01 SS-15 USIA-12 OMB-01 TRSE-00 RSR-01 /112 W
---------- 030191
R 101733 Z APR 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 0413

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E. O. 11652: N/ A
TAGS: ELAB, UK
SUBJECT: SCANLON CONCEDES GOV' T VICTORY, BUT
WARNS OF FUTURE

REF: LONDON' S 3812

1. SUMMARY: HUGH SCANLON, BRITAIN' S LEADING LEFT- WING TRADE UNION OFFICIAL, ADMITTED APRIL 9 THAT THE GOVERNMENT HAD WON THE FIRST ROUND IF ITS COUNTER-INFLATION STRATEGY BUT WARNED THAT MAJOR LABOR- MANAGE-MENT TROUBLES ARE AHEAD UNLESS THE COST OF LIVING IS BROUGHT FIRMLY UNDER CONTROL. HE WAS ADDRESSING THE UNION' S (AUEW) NATIONAL COMMITTEE IN TORQUAY. THIS COMMITTEE IS THE AUEW' S TOP POLICY- MAKING GROUP WHICH IS TO SET THE UNION' S PAY OBJECTIVES IN NEGOTIATIONS WHICH ARE TO OPEN IN LATE AUGUST. HE ACKNOWLEDGED THAT PHASE TWO SETTLEMENTS OF THE MINERS, GAS WORKERS, POSTMEN, LONDON DOCKERS, CIVIL SERVANTS, AND SOME FORD WORKERS HAD SLOWED UP GENERAL MILITANCY. END SUMMARY.

2. HUGH SCANLON, THE LEFT- WING LEADER OF THE ENGINEERING WORKERS (AUEW), WHOSE VIEWS MUST ALWAYS BE TAKEN INTO CONSIDERATION WHEN ASSESSING BRITAIN' S LABOR- POLITICAL CLIMATE, CONCEDED APRIL 9 THAT THE GOVERNMENT HAD
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COME OUT ON TOP IN ITS PHASE TWO INFLATION
STRATEGY OF RESTRICTING WAGE INCREASES. AT THE SAME
TIME HE WARNED MEMBERS OF THE UNION' S NATIONAL POLICY
MAKING COMMITTEE THAT THERE WAS DANGER OF A PAY
" EXPLOSION" IF PRICES CONTINUED TO GO UP WHILE WAGES
ARE CONTROLLED.

3. THE PAY EXPLOSION TO WHICH SCANLON REFERRED MAY
WELL START WITH THE AUEW' S OWN DEMANDS ON THE ENGINEER-
ING INDUSTRY. ONE OF THE TASKS OF THE CURRENT NATIONAL
COMMITTEE MEETING IN TORQUAY IS TO SET THE KIND AND
AMOUNT OF PAY APPLICATION TO BE MADE TO THE EMPLOYERS.
IN CHARGING THE GROUP WITH ITS WORK SCANLON DECLARED,
" IT HAS TO BE RECOGNIZED THAT WE WILL BE INEVITABLY
INVOLVED WITH A FIGHT WITH THE GOVERNMENT IF YOU
INSIST ON A SETTLEMENT IRRESPECTIVE OF THE LIMITS OF
THE PRESENT LEGISLATION".

4. THE AUEW PRESIDENT REPEATED HIS VIEWS FAVORING
A RESUMPTION OF TALKS WITH THE GOVERNMENT BUT RECALLED
THAT HE CONDITIONED THIS ONLY WITH A REQUEST FOR SOME
EARNEST THAT NEW TALKS WOULD BE MORE FRUITFUL THAN
LAST TIME. IT WAS IN CONNECTION WITH THIS, HE
EXPLAINED, THAT HE MADE HIS TWO- POINT SUGGESTION
(REFTEL) FOR AMENDMENT OF THE INDUSTRIAL RELATIONS
ACT. PRIOR TO THAT STATEMENT SCANLON WAS IMPLACABLY
CALLING FOR TOTAL REPEAL.

5. ON THE INDUSTRIAL RELATIONS ACT, SCANLON DECLARED
THAT THE AUEW HAD STOOD IN THE FOREFRONT OF OPPOSITION

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PA-03 PRS-01 SS-15 USIA-12 OMB-01 TRSE-00 RSR-01 /112 W
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R 101733 Z APR 73

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SOME 270,000 POUNDS ($670,000). " WE ARE CONVINCED", HE SAID, " THAT THE STAND WE TOOK HAS EXPOSED THE ACT FOR WHAT IT IS. IT IS AN INSTRUMENT TO DESTROY THE GRASS ROOTS OF TRADE UNIONISM OR TO FINANCIALLY CRIPPLE THOSE ORGANIZATIONS WHO IN SUPPORTING JUSTIFIABLE DEMANDS OF THE MEMBERSHIP FIND THEMSELVES IN CONFLICT WITH THE COURTS SET UP UNDER THE ACT".

6. THE TUC' S CONGRESS AND GENERAL COUNCIL IN REFUSING TO ACCEPT THE AUEW' S CALL, ACCORDING TO SCANLON, FOR A FIRM STAND AGAINST COOPERATION WITH AGENCIES SET UP UNDER THE ACT HAD DEALT A " BODY BLOW" TO THE TRADE UNION MOVEMENT. " SUCH A REFUSAL (SUCH AS PERMITTING COURT APPEARANCE IN DEFENSE TO CHARGES) NOT ONLY STRENGTHENED THE GOVERNMENT' S HAND BUT PREVENTED REALLY FIRM AND UNITED OPPOSITION TO THE ACT".

7. COMMENT: SCANLON' S MIXED CONCILIATORY AND MILITANT REMARKS TO THE AUEW' S NATIONAL COMMITTEE HAVE BEEN CONSTRUED BY OBSERVERS AS ESSENTIALLY COMING DOWN ON THE SIDE OF REALISM. HE HAS ACKNOWLEDGED THE GOVERN-MENT' S INITIAL SUCCESS IN HOLDING DOWN WAGES AND HAS WARNED THE UNION OF PITFALLS IF IT DECIDES UPON A CONFRONTATION LATER THIS YEAR OVER DEMANDS FOR PAY IN
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EXCESS OF THE PHASE TWO GUIDELINES. HIS REFERENCES TO POSSIBLE TRI- PARTITE TALKS AND AMENDMENTS TO THE INDUSTRIAL RELATIONS ACT CAN ONLY BE CONSIDERED AS HOPEFUL SIGNS TOWARD A PERIOD OF RELATIVELY TRANQUIL LABOR RELATIONS. THE MINERS' VOTE AND ACQUIESCENCE TO PHASE TWO WAS THE REAL " BLOW" TO ALL OUT MILITANCY.

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